

**IN LINE WITH ONLINE EXPECTATIONS:
PRIVATE INTERNATIONAL LAW AND NATIONAL COPYRIGHT IN THE INTERNET
CONTEXT**

KATRINA GUNN¹

ABSTRACT

[31] To browse, link, download, copy, modify, adapt, transmit, transfer, distribute, reproduce, upload and generally make available — all this is possible on the internet. But what of all this can copyright in its current form and subject to the rules of private international law regulate?² The internet not only allows for wider dissemination of information across geographical boundaries, but itself provides for the creation of new cultural forms involving for example, digital sampling, appropriation, interactive manipulation and multimedia. Copyright value is no longer limited to conventional means of hardcopy reproduction and broadcasting; the digital environment translates it into something much more in terms of content, control and revenue.³ In this changed environment, international conventions and national regulatory regimes provide frameworks for copyright protection, and yet no definitive rules have developed to determine which substantive law applies to multinational infringements. What rules are most suitable will not only depend on practical matters of jurisdiction, remedies and enforcement, but on a principled consideration of the purposes and objectives of private international rules and of copyright

[32] Time and space in the conflict of laws

The essence of a normal human existence is the ability to integrate one's experience. We can provide for the throwout and the bizarre but it must be just that — bizarre. To demean 'time and space' in the law of conflicts is to deny an important facet of the human experience.⁴

If the human experience embraces a wider understanding of 'time and space', one less restricted by geography and physicality, what consequences for conflict of laws?

¹ BA LLB; Graduate Lawyer, Holding Redlich, Sydney. This paper was undertaken as a research project in the LLB course at the University of Sydney.

² For a general overview of what the internet can do, see C Whitelaw, 'Copyright and the internet — an appraisal of the Government's digital agenda reforms' (Pt 1) (1999) 12 *Australian Intellectual Property Law Bulletin* 69. As to how it works see L Jones, 'An Artist's Entry into Cyberspace: Intellectual Property on the Internet' [2000] *European Intellectual Property Review* 79.

³ Jones, above n 2, 80: details the speed and scale of the internet with predictions of an online population of 300 million and online commerce worth US \$2–3 trillion by 2005.

⁴ A Twerski, 'Enlightened Territorialism and Professor Cavers — the Pennsylvania Method' in J A

Traditional justifications for choice of law rules range from the broad, justice, comity and uniformity, to the specific, meeting the reasonable expectations of the parties.⁵ The trend, most prevalent in the US, has been to achieve these ends through an open interest analysis rather than by application of set rules. Meanwhile the Australian approach retains traditional territorially-defined rules, the rigidity of which is partly tempered by the public policy exception amongst other factors.⁶

In Twerski's analysis, those cases which introduce 'the bizarre', that is, those not so easily governed by territoriality, are better accommodated by interest analysis — not strictly adhering to rules but taking into consideration a range of interests when deciding jurisdiction and the application of substantive law. What interests ought to be considered in copyright infringement cases on the internet and from whose perspective? Should society set this agenda or the author? Does copyright lend itself to an interest analysis or is it, by reason of it being a statutory right, more suitably accommodated by territorial choice of law rules? Or is it indeed more than territorial-based property incorporating also a moral right? Is any of this even an issue if new forms of global communication are viewed not as 'bizarre' but as just another technological development to which traditional choice of law rules can be easily applied?

In which case, interests analysis may not be the appropriate approach. Certainly Twerski criticised interests analysis to the extent that it denied obvious geographical boundaries whilst inventing interests in order to achieve the required or desired results.⁷ He advocated 'enlightened territorialism' and his particular version of reasonable expectations of time and space as support for retaining territorial attachments. Is then the territorial-based version of reasonable expectations as adhered to in Australian courts, and fundamental as it is to Australian tort choice of law rules,⁸ suitable to the current context of internet communications?

More fundamentally, in this new environment do reasonable expectations provide an adequate justification for the enforcement of a particular law? If it is accepted that

Martin, *Perspectives on Conflict of Laws: Choice of Law* (1980) 113–14.

⁵ See, eg, A Mayss, *Principles of Conflict of Laws* (3rd ed, 1999) 4–5; P E Nygh, *Conflict of Laws in Australia* (6th ed, 1995) 33–4.

⁶ These include the procedure/substance distinction, renvoi, characterisation and connecting factors.

⁷ A Twerski, 'Neumier v Kuehner: Where are the Emperor's Clothes?' in Martin, above n 4, 86.

people ‘abandon real-world caution and prudence and act more recklessly on the internet, making torts more common’⁹ maybe the corresponding expectation is that no tort has been committed. At least within the immediate sphere in which the alleged tortfeasor is operating, or perhaps even in the broad sphere of cyberspace. How is it possible for a user to ‘reasonably anticipate’¹⁰ that they might be liable anywhere? Perhaps what has previously been understood as ‘real-world caution and prudence’ has undergone radical change. It is not unreasonable that if people can comprehend the freedom of the internet — for example, its capacity to communicate with those in war zones and in otherwise closed societies¹¹ — that they might also accept that it is not possible or expected or desirable to curb that freedom.

[33] In the marketplace, new technology is continually altering the expectations of consumers as much as content providers as is revealed in the recent legal action involving the free downloading of music from the internet.¹² The growing discord between the two is apparent in the query: ‘How do you sell music to people who have only ever known it to be free on the internet?’¹³ Issues of uniform copyright protection and just rewards for creators and owners contend with consumer freedoms and the risk that subjecting users to potential liability in a multitude of jurisdictions may only benefit the larger players: ‘Much of the network’s democratising influence may be lost if liability deters all but the most heavily capitalised entrepreneurs from pursuing all but the most highly profitable ventures.’¹⁴

Economics and expectations are thus equally important when considering jurisdiction issues and choice of law approaches to internet infringements as is the understanding that whatever strategy is suggested for dealing with such infringements will not be

⁸ Nygh, above n 5, 33–4.

⁹ M Burnstein, ‘A Global Network in a Compartmentalised Legal Environment’ in K Boele-Woelki and C Kessedjian (eds), *Internet, Which Court Decides? Which Law Applies? Quel tribunal decide? Quel droit s’applique?* (1998) 26.

¹⁰ DL Burk, ‘Jurisdiction in a World Without Borders’ (1997) 3 *Virginia Journal of Law and Technology* 1 <<http://vjolt.student.virginia.edu>> [11].

¹¹ Jones, above n 2, 83 refers to the Kosovo Liberation Army’s website and the potential ramifications if that could be located.

¹² See, eg, L Anderson, ‘Judge explains his ruling against MP3’ 8 May 2000 <www.cnn.com>.

¹³ See D Higgins, ‘Metallica gets heavy with Net fans’ with reference to the RIAA action against Napster, *Sydney Morning Herald* 5 May 2000 p 2. The preliminary injunction against Napster was issued in May 2000 by US District Judge Marilyn Hall Patel; the subsequent ruling on 26 July 2000 granted a permanent injunction.

¹⁴ Burk, above n 10, 14.

'policy-neutral'.¹⁵ As Austin notes: 'What might appear to be a somewhat technical matter of private international law may impact significantly on the balance of equities between commercial entities that operate internationally in copyright industries.'¹⁶ And whilst balancing interests has always been copyright's purpose in that it resulted from a convergence of cultural and commercial demands, its shape and form reflect the imperatives of an altogether different era. The challenge the internet presents is therefore not only a test for private international law rules but to copyright itself.

The challenge to copyright

Copyright developed in the 19th century Western world from a need to regulate the communication of cultural information.¹⁷ The social and legal paradigms from which a regulatory regime emerged evolved in the context of the industrial revolution, rapid urbanisation and developments in the sciences and philosophy, all of which fundamentally altered people's thinking:

This cultural fragmentation was mirrored by the developments of equally diverse cultural interests, which presented producers of cultural information with a problem of choice. The changing nature of knowledge led to a growth in markets for their products: the intellectuals, the bourgeois, and the proletarians all wanted their special interests to be served. Particularly noteworthy here is the extensive market for products of 'mass culture' ... In spite of the cultural fragmentation of this period, there does seem to have been a common denominator that helped keep the pieces together: the generally accepted belief in progress.¹⁸

The dominant legal paradigm was shifting away from purely positivist law to 'a society-orientated, non-legalistic, utilitarian view of law'¹⁹ which emphasised social progress. In copyright terms, this meant [34] an acknowledgment of the right of personality; of 'certain human qualities and abilities connected with a person's self that are innate, non-transferable, and imprescriptible.'²⁰ Protection of creators' rights and

¹⁵ G W Austin, 'Domestic Laws and Foreign Rights: Choice of Law in Transnational Copyright Infringement Litigation' (1999) 23 *Columbia-VLA Journal of Law and the Arts* 1, 22.

¹⁶ *Ibid.*

¹⁷ F W Grosheide, 'Paradigms in Copyright Law' in B Sherman and A Strowel, *Of Authors and Origins: Essays on Copyright Law* (1994) 204–6.

¹⁸ *Ibid* 210–11.

¹⁹ *Ibid* 211.

²⁰ *Ibid* 212.

the corresponding push toward a free market thus saw the *International Convention for the Protection of Literary and Artistic Property* of 1886 (Berne Convention) draw on both continental Europe's emphasis on the personal rights of the artist and the Anglo-American focus on copyright as an economic right over reproduction.²¹ Neither approach entirely precluded the other despite the different theoretical underpinning. Copyright in France, for example, was premised on natural law but still territorially limited.²²

Whilst the means of communication changed in the post World War II transition from the industrial era to the information age, mass culture and the concept of progress have continued to provide the background picture to copyright protection. As is written of the engraving plate which founded 'popular art'²³ in Victorian England and increased the importance of reproduction rights: 'It affected the price of popular pictures in exactly the same way that the market for film and television rights affects the price of popular novels today.'²⁴

The issue now is whether more recent technological changes in the form of the internet and the increase in access and participation it provides are merely an extension of this; can they be brought within the existing legal framework?

In its midst, it is difficult to assess the social and economic dimensions of the internet-connected world though it is doubtless clear that it presents a challenge on a number of levels to traditional notions of copyright. Reproduction is fundamental to copyright and yet it seems that the value of this right is viewed as either diminished or increased if it involves communication via the internet. Take for example, the trend towards art galleries selling online.²⁵ In the proposed launch of an internet site to include 20,000 works of art, 95 per cent of artists were prepared to waive their

²¹ *Ibid* 207.

²² See J C Ginsburg, 'A Tale of Two Copyrights: Literary Property in Revolutionary France and America' in Sherman and Strowel, above n 17, 157. Also A Strowel, 'Droit d'auteurs and Copyright: Between History and Nature in Sherman and Strowel, above n 17, 246 — from the decrees of 1791 and 1793 through to 1852, copyright was restricted to French citizens and resident foreigners.

²³ R Hughes, 'Art and Money' in *Nothing if not Critical: Selected Essays on Art and Artists*, (2nd ed, 1990) 395.

²⁴ *Ibid* 394.

²⁵ S Abma, 'Art galleries flourish online' 11 April 2000 <<http://infoculture.cbc.ca/archives/visart>>.

reproduction fees.²⁶ Yet contrary to this perception of the internet as a medium somehow out of range of traditional copyright, moves are being made in several countries to increase the rights of copyright owners by creating a first right of digitisation²⁷ and/or a general technology-neutral right of communication.²⁸ Certainly Getty Images acquisition of the Corbis Collection of digital images, which now gives it an archive of 65 million images,²⁹ suggests an anticipated increase in their value in line with the online potential to exploit them.

Developments in interactive networked media such as net.art and multimedia creations also raise questions about the subject matter of copyright and related issues of accessing, collecting and archiving such works as well as the associated value of ownership rights. As one art commentator noted: 'the [35] economics of art on the Web is quite different from the material art of the past';³⁰ it isn't a collectible commodity that sits easily with the current art market.³¹ But the capacity to reproduce it, is potentially compatible with copyright as we know it because copyright law developed as a result of easy access. Increased access fuels the need for cultural information as it also opens opportunities to benefit economically. Is it possible to sustain a balance between these two demands when already varying national laws set different thresholds for originality and subject matter so that net.art or multimedia creations may be protected in one country but not in another?³²

The internet also raises problems of defining authorship in the same way that film, which has no one author nor one original,³³ tested the boundaries of copyright protection. Who is the 'socially determined person'³⁴ of prescribed origin who can fit into the socio-economic context, so that internet creations can be legitimised and

²⁶ F Downey, 'Artists stuck in the middle of online gallery battle' 15 April 1999 <<http://infoculture.cbc.ca/archives/newmedia>>.

²⁷ For example, ss 21(1A) and 21(6) of the *Copyright Act 1968* (Cth) as recently amended by the *Copyright Amendment (Digital Agenda) Act 2000* (Cth) which commenced on 4 March 2001.

²⁸ See *Copyright Act 1968* (Cth) as amended by the *Copyright Amendment (Digital Agenda) Act 2000* (Cth) s 31 and also WIPO Copyright Treaty adopted 20 December 1996.

²⁹ The Art Newspaper.Com <<http://www.allemandi.com/TAN/news/news.asp>>.

³⁰ M H Goldhaber, 'What is the Price of Art in Cyberspace?' <<http://www.heise.de/tp/english/inhalt/kolu/2397/1.html>> [3].

³¹ Ibid [2].

³² Jones, above n 2, 86: multimedia works cannot acquire copyright protection as one work under British, American, Canadian or Australian law.

³³ M Salokannel, 'Film Authorship in the Changing Audio-Visual Environment' in Sherman and Strowel, above n 17, 59.

protected by copyright?³⁵ For example, e-toy was a group project in which the participants merged ‘their individual identities into one digital identity and produce[d], “the first dot.com brand in the art world.”’³⁶ As computer programs are protected, exclusion from copyright protection cannot be premised on the computer-based nature of the work.³⁷ Besides, other net artists make claim to their work as art.³⁸ Does this require a fundamental reformulation of the criteria for copyright protection; a focus on cultural information rather than art and literature?³⁹

Whilst these matters will gradually be addressed at the national level, the internet ensures that national law will have repercussions internationally due to discrepancies as to where liability falls: on the content provider, the user, or the service provider. The WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty represent the most recent international developments. However, as with the Berne Convention, they leave open exactly how copyright protection is achieved. In the US, the *Digital Millennium Copyright Act* and the *Online Copyright Infringement Liability Limitation Act* of 1998 grant ISP’s immunity from liability⁴⁰ whereas in Australia, the *Copyright Amendment (Digital Agenda) Act 2000* which introduces the WIPO reforms into Australian domestic law, makes ISP’s liable to the extent that [36] they are aware of the infringement.⁴¹ Though not directly comparable to copyright, defamation is already proving that internet regulation has the potential to create ongoing litigious conflict.⁴² In the US, ISP’s were recently given full protection against the posting of

³⁴ Ibid 77.

³⁵ Ibid 76–7. For a discussion of the author as a constructed by technological, commercial, cultural and legal imperatives, see D Saunders, ‘Dropping the Subject: An Argument for a Positive History of Authorship and the Law of Copyright’ in Sherman and Strowel, above n 17, 93. See also P Edward Geller, ‘Conflicts of Laws in Cyberspace: Rethinking International Copyright in a Digitally Networked World’ (1996) 20 *Columbia-VLA Journal of Law and the Arts* 571, 596–7: noting that an internet work or a work created and/or distributed on the internet may have many authors and many places of first publication so that the criteria of country of origin that provides the basis for protection under the Berne Convention is now outdated and outmoded.

³⁶ C Ruiz, ‘eToy take Manhattan, in The Art Newspaper.Com <<http://www.allemandi.com/TAN/news/article/asp?idart=1257>>.

³⁷ See *Powerflex Services Pty Ltd v Data Access Corporation* (1997) 37 IPR 436; *Computer Edge Pty Ltd v Apple Computer Inc* (1986) 65 ALR 33.

³⁸ See ‘Whitney Speaks: It is Art’ <<http://www.wired.com/news/culture/0,1284,35157-2,00.html>>; J Brown, ‘The Net as canvas <<http://www.salon.com/tech/feature/2000/03/15/whitney/index.html>>.

³⁹ Grosheide, above n 17, 232.

⁴⁰ Jones, above n 2, 87.

⁴¹ Section 22(6) of the *Copyright Act 1968* (Cth) as amended by the *Copyright Amendment (Digital Agenda) Act 2000* (Cth). See also *APRA v Telstra* (1995) 131 ALR 141; *Telstra v APRA* (1997) ALJR 1312.

⁴² See J Martinson, ‘US Courts Free Internet From Libel Laws’ *The Guardian* 3 May 2000 where it was

libellous messages created by others and sent over the web whereas the very opposite seems to be the case in Britain.⁴³

Nor is application of national copyright laws limited to copyright per se. Moral rights protecting author integrity and attribution may become more critical⁴⁴ as new technology allows for easy adaptation and manipulation of works. Even if in the short term there is no immediate financial incentive to placing work on the internet,⁴⁵ moral rights are crucial if viewed as part of a wider economic right that relies on maintaining reputation⁴⁶ Yet, arguably such rights may inhibit worldwide exploitation of works.⁴⁷ Much depends on how moral rights are perceived: as waivable or inalienable; integral or separate to copyright; a personal right attaching to the individual creator or a state defined privilege.⁴⁸ Are they domestic laws applicable to domestic copyright owners or do they extend to foreign copyright owners?⁴⁹

Australia's *Copyright Amendment (Moral Rights) Act 2000*⁵⁰ provides for a right of attribution and a corresponding right to take action where false attribution occurs, and to object to 'unreasonable' derogatory treatment of work. These rights, however, are

reported that a partner in a Washington law firm said 'US companies that operate in Britain, such as America Online, could now apply to domestic courts if they were held liable under British laws.' (See also *Lunney v Prodigy Services Company* <<http://www.courts.state.ny.us/ctapps/decisions/164opn.htm>> recently upheld in the Supreme Court, 1 May 2000; and *Blumenthal v Drudge*, 992 F Supp 44 (DDC 1998) granting summary judgment to co-defendant American Online to the effect that it could not be liable for statements placed by Drudge on his website <<http://www.techlawjournal.com/courts/drudge/804230pin.htm>>.

⁴³ Based on *Godfrey v Demon Internet Limited*, unreported, QB, No 30 of 1998 <<http://www.court.service.gov.uk/godfrey2.htm>>, and the subsequent out-of-court settlement in that matter, British ISP's and web publishers are considered to be 'publishers' in the traditional sense and therefore subject to liability.

⁴⁴ Art 6bis introduced into the Berne Convention in 1928 grants rights of attribution and integrity though not all countries have complied with this obligation; Jones, above n 2, 88: whilst the WPPT recognises limited moral rights, the WCT and the US *Digital Millennium Copyright Act* do not.

⁴⁵ See D R Johnson and D G Post, 'Law And Borders — The Rise of Law in Cyberspace' <http://www.cli.org/X0025_LBFIN.html> who note that short term financial incentives for authors is becoming less of a justification for copyright, as distinct from free of charge dissemination in exchange for establishing a long term reputation on which to later trade.

⁴⁶ See generally 'Visual Artists' Rights in a Digital Age' (1994) 107 *Harvard Law Review* 1977, 1980–2.

⁴⁷ A P Reindl, 'Choosing Law in Cyberspace: Copyright Conflicts on Global Networks' (1998) 19 *Michigan Journal of International Law* 799, 870.

⁴⁸ For example, in France and Italy, moral rights are viewed as integral to copyright: see E Ulmer, *Intellectual Property Rights and the Conflict of Laws* (1978) 40.

⁴⁹ See *Folkes v Greensleeves Publishing Ltd* [1997] 76 CPR 3d 359 (Ont Gen Div) and for a discussion of, W L Hayhurst, 'National Reports, Canada' (1998) 20(6) *European Intellectual Property Review* 93, 93–4.

⁵⁰ As it amends the *Copyright Act 1968* (Cth); came into force on 21 December 2000.

territorially confined.⁵¹ Moreover, only individuals have moral rights⁵² so that such rights do not encompass new art forms described above that [37] identify no one author or joint authors. As with the US position, moral rights under the Act are waivable by written consent,⁵³ a position at odds with the author-focused copyright tradition of Europeans.⁵⁴

All the above issues lead to the question: is copyright an adequate form of legal protection that sits easily with the current social paradigm or has technological progress upset the balance between owners, users and creators so as to reveal a disconnectedness between rights and remedies as national laws contend with globalisation? In providing a process for characterising and localising actions, private international law rules of jurisdiction and choice of law have traditionally provided the method by which a solution might be found. But the changed space that is the internet has raised questions about the appropriateness of such rules, based as they are on a territorial understanding of property, to deal with the ever broadening international dimensions of copyright.

The nature of intellectual property and jurisdictional issues

Intellectual property rights, whether registrable such as patents, or not, such as copyright, are inexorably linked to the country which grants the exclusive right for use within that one country.⁵⁵ This is consistent with the Anglo-American view of copyright as a state-based right. The paradox is that they are at one and the same time situated in a particular country but exploitable everywhere;⁵⁶ existing both as intangibles and ‘spatially in a form perceptible to the human senses’.⁵⁷ This relationship between what is real and not is intensified in the digital environment where packets of data exist but without hardcopy evidence.⁵⁸ Add to this the specific category

⁵¹ Section 195AX: it is not an infringement of an authors moral right in respect of a work to do, or omit to do, something outside Australia.

⁵² Section 190. Cinematograph films are considered separately as works of joint authorship: s195AZI.

⁵³ Sections 195 AW and 195AWA. For the US position see US Working Group on Intellectual Property Rights of the National Information Infrastructure (NII) Task Force report dated Sept 1995 and P Samuelson, ‘On Authors’ Rights in Cyberspace: Questioning the Need for New International Rules on Authors’ Rights in Cyberspace’ <<http://www.firstmonday.dk/issues/issue4/samuelsn>>.

⁵⁴ Samuelson, above n 53: similarly, US citizens are equally unlikely to accept any limitation on fair use. See, for eg, *Turner Entertainment v Huston Heirs* Cour d’appel, Versailles, 164 RIDA 389, 19 December 1994.

⁵⁵ J J Fawcett and P Torremans, *Intellectual Property and Private International Law* (1998) 494–6.

⁵⁶ Ulmer, above n 48, 8.

⁵⁷ *Ibid* 7.

⁵⁸ Geller, above n 35, 575–6.

of copyright which owes its existence to easy reproduction⁵⁹ but at the same time is a protection against it and intellectual property rights do not appear to have the characteristics inherent to other property rights either tangible or intangible.

The complex nature of intellectual property is nowhere more apparent than in relation to their categorisation under the *lex situs* as immovables for jurisdictional purposes and the associated Mocambique rule, as adhered to in Australia⁶⁰ (with the exception of NSW),⁶¹ under which foreign possessory or proprietary rights are non-justiciable. It is not about refusal to accept jurisdiction but 'a denial that jurisdiction exists'.⁶² It extends not only to validity and title but also infringement which is considered both local and tortious.⁶³ In England, *Tyburn Productions Ltd v [38] Doyle*,⁶⁴ and in the Australian context, *Potter v Broken Hill Pty Co Ltd*,⁶⁵ represent its manifestation with respect to foreign intellectual property rights; these are considered economic rights that introduce public policy considerations best decided by courts of the place where the right exists.⁶⁶

The debate over the appropriateness of this prohibition revolves around whether the rule is simply wrong, wrongly applied, or wrong for the digital age.

If applied on the assumption that intellectual property rights are analogous to foreign land,⁶⁷ the subject of the *Mocambique* case, the prohibition is inappropriate. The history of some intellectual property rights as a monopoly grant by the State or originally, of Royal Privilege, lies at the basis of the analogy. What the state grants, it ultimately controls. In addition, the historical distinction drawn between local and

⁵⁹ Ulmer, above n 48, 7.

⁶⁰ *British South Africa Co v Companhia de Mocambique* [1893] AC 602. See S Dutson, 'The Internet, the Conflict of Laws, International Litigation and Intellectual Property: the implications of the international scope of the internet on intellectual property infringements' (1997) *Journal of Business Law* 495, 506–9 and S Dutson, 'The Infringement of Foreign Intellectual Property Rights — A Restatement of the Terms of Engagement' (1998) 47 *International and Comparative Law Quarterly* 659, 662–5.

⁶¹ Section 3 of the *Jurisdiction of Courts (Foreign Land) Act* 1989 (NSW) abolished the rule.

⁶² M Davies, S Ricketson and G Lindell, *Conflict of Laws: Commentary and Materials* (1997) 166.

⁶³ G W Austin, 'The Infringement of Foreign Intellectual Property Rights' (1997) 113 *Law Quarterly Review* 321, 325.

⁶⁴ [1990] RPC 185. In England, the rule has been restricted to questions of title and possession only under Section 30(1) of the *Civil Jurisdiction and Judgments Act* 1982: Fawcett and Torremans, above n 55, 280.

⁶⁵ (1906) 3 CLR 479. See also *Dagi v BHP Co Ltd (No 2)* [1997] 1 VR 428.

⁶⁶ Fawcett and Torremans, above n 55, 29.

⁶⁷ See especially Fawcett and Torremans for an overview and rejection of this analogy, *ibid* 281–3, 286–90.

transitory actions connects the facts of the action, and thus proof, to the locality.⁶⁸ However, arguably, '[a]lmost all property rights are territorially confined' in some way;⁶⁹ so that any argument based on this distinction alone is apt to mislead. Moreover, the value of intellectual property rights cannot be restricted by state borders (and as the internet indicates immediate state control), so that perhaps the better view of intellectual property rights is as 'personal rights, which can be dealt with commercially',⁷⁰ rather than as strictly state-based rights. This is especially so for copyright which although statute-created comes into existence on creation by an author and is therefore not comparable to trademarks. Nor is it justified in terms of a registered monopoly as are patents (the subject of *Potter*), a point underlined by the Berne Convention which grants automatic protection that is not dependent upon registration.⁷¹ Furthermore, though intellectual property rights are distinct from contractually created debts in that they cannot follow the owner out of the jurisdiction,⁷² not only are they not analogous to land but they are not attached to land as per the criteria for immovables established by the High Court in *Haque v Haque (No 2)* for choice of law purposes.⁷³ Why then should they be classified as immovables for jurisdictional purposes when they are of an altogether different nature?

Alternatively, the prohibition may be a wrong application of precedent in that it should pertain only to issues of title and possession and have no application 'where it is merely incidental to the cause of action, notwithstanding that it may be part of the plaintiff's proofs...'.⁷⁴ In Dutson's discussion of jurisdiction in the context of the Brussels Convention 1968, he argues that *Potter v Broken Hill Pty Co Ltd*⁷⁵ does not support the contention that only the courts in a jurisdiction that grants the right, can rule on those rights. It is 'merely support [for] the trite law that such infringement action will be determined applying the granting nation's own laws, and international convention requires that only the granting nation can determine the validity of a registrable IP

⁶⁸ Austin, above n 63, 328.

⁶⁹ *Ibid* 326.

⁷⁰ Fawcett and Torremans, above n 55, 287.

⁷¹ Article 5(2).

⁷² Fawcett and Torremans, above n 55, 496–7.

⁷³ (1965) 114 CLR 98. See Davies et al, above n 62, 599.

⁷⁴ *Dagi and Others v BHP Co Ltd (No 2)* [1997] 1 VR 428, 440 (Byrne J) discussing the narrower formulation only to dismiss it.

⁷⁵ (1906) 3 CLR 479.

right.'⁷⁶ Therefore, validity of registrable rights, being created by a sovereign act, can only be determined by the courts of the country granting that [39] registration though a foreign court could accept jurisdiction with respect to infringement.⁷⁷ Austin agrees in that this would offend no policy of private international law as there is no difference for jurisdictional purposes between actions for breach of contract or equitable obligations and tortious infringements.⁷⁸ Accepting jurisdiction would not diminish the specific territorial link nor its importance as it applies to proprietary aspects of the right.⁷⁹ It would, however, narrowly formulate the reasoning for declining jurisdiction.

Whilst the *Mocambique* rule is a common law development, the pervasiveness of territoriality is not particular to countries like Australia. Even in forums where there is no bar to jurisdiction such as the US,⁸⁰ and it is a matter of the court's discretion, the general view until recently has been that the territorial nature of copyright confines choice of law rules to a territorial basis. This in turn deterred acceptance of jurisdiction unless the infringement occurred in the forum.⁸¹

In the pre-digital age, this emphasis on territoriality and the *Mocambique* rule in issues of jurisdiction may have been appropriate but in the digital age of transnational communications and multinational infringements, they serve as unnecessary barriers especially when, as Austin argues, jurisdiction could still be declined where no remedy is available or through *forum non conveniens* without proceeding through an unprincipled maze of avoidance.⁸² Certainly, there is evidence of a growing recognition that there must be a greater preparedness to apply foreign law⁸³ and correspondingly, less indiscriminate use of *forum non conveniens*⁸⁴ in order to begin the process of consolidating multinational internet infringements.

⁷⁶ Dutson, above n 60, 664.

⁷⁷ Ibid.

⁷⁸ Austin, above n 63, 330–1.

⁷⁹ For example, to 'the permissibility of assignment or the granting of licences': Ulmer, above n 48, 3, 8, 44–7. Such property aspects must be decided according to the *lex protectionis* before the law of the contract can be applied to the transaction as a whole.

⁸⁰ Austin, above n 63, 323.

⁸¹ Ulmer, above n 48, 10.

⁸² Austin, above n 63, 323.

⁸³ J C Ginsburg, 'Extraterritoriality and Multiterritoriality in Copyright Infringement' (1997) 37 *Virginia Journal of International Law* 587, 599; B T Dieck, 'Reevaluating the Forum Non Conveniens Doctrine in Multiterritorial Copyright Infringement Cases' (1999) 74 *Washington Law Review* 127; Austin, above n 63.

⁸⁴ See the dismissal of a copyright claim on grounds of *forum non conveniens* in *Creative Technology Ltd v*

For example, in *Pearce v Arup Partnership*⁸⁵ the English court, on the basis of one of the defendants being domiciled in England, applied Dutch law to a copyright infringement that occurred in Holland. As part of its reasoning, the court noted the ‘increasingly international dealings as regards intellectual property rights and articles created using them, including the dramatic potential effects of the internet and other transnational communication systems’.⁸⁶ To accept jurisdiction over related infringements therefore ‘might result in an economic and efficient resolution of a dispute of an international character and avoid inconsistent results...’.⁸⁷

As in *Pearce v Arup Partnership*, presence in the jurisdiction is the most common criteria for accepting jurisdiction⁸⁸ and this is easily extended to defendants in internet-related cases. In the US, ‘certain [40] minimum contacts’⁸⁹ may also suffice; in an internet context this concept has gradually been developed to mean an active attempt by a website to reach an audience within the jurisdiction.⁹⁰

Ultimately, jurisdiction must be coupled with enforcement, a problem highlighted by mirror sites which can immediately take up when an original site is closed.⁹¹ A defamation case exemplifies the difficulties posed. In *Macquarie Bank Limited v Berg*,⁹² Sullivan J adopted a remedy-based analysis with respect to an injunction sought to cover allegedly defamatory material published on the internet. The defendant was not located in NSW nor were the defamatory acts committed in NSW but these factors alone did not amount to the sole reasons for dismissing the action:

The first and foremost of these concerns the nature of the internet itself.... An injunction to

Aztech Sys PTE Ltd, 61 F 3d 696 (1995).

⁸⁵ [1997] FSR 641 (Ch D) (Lloyd J)

⁸⁶ *Ibid* 652 (Lloyd J).

⁸⁷ *Ibid*.

⁸⁸ B Hoffman, ‘A Picture is Worth a Thousand Words: US Intellectual Property Issues in the Exploitation of Visual Images in the New Media’ in B Hoffman (ed), *Exploiting Images and Image Collections in the New Media: Gold Mine or Legal Minefield* (1999) 57–8.

⁸⁹ *International Shoe Co v Washington* 326 US 310, 316; 66 S Ct (1945).

⁹⁰ *CompuServe, Inc v Patterson*, 89 F 3d 1257 (6th Cir 1996); *Bensusan Restaurant Corp v King*, 937 F Supp 295 (SDNY 1996); *Cybersell Inc v Cybersell Inc*, 130 F 3d 414 (9th Cir 1997); *Hearst Corp v Ari Goldberg*, 1997 US Dist LEXIS 2065 <www.esquire.com/report/htm>; *Blumenthal v Drudge*, 992 F Supp 44 (DDC 1998).

⁹¹ Jones, above n 2. M D Pendleton, ‘Websites and Hyperlinks: Copyright and Conflict of Law Implications’ (1999) 2 *Asia Pacific Law Review* 229, 242–3; *Nottinghamshire County Council v Anning & Ors* (1997) 13(5) CLSR Briefing 367.

⁹² [1999] NSWSC 526 (2 June 1999).

restrain defamation in NSW is designed to ensure compliance with the laws of NSW, and to protect the rights of plaintiffs, as those rights are defined by the law of NSW. Such an injunction is not designed to superimpose the law of NSW relating to defamation on every other state, territory and country of the world. Yet that would be the effect of an order restraining publication on the internet.⁹³

*Playboy Enterprises Inc v Chuckleberry Publishing Inc*⁹⁴ stands out as a case where the US courts did order an Italian website to either completely shutdown or refrain from accepting US subscriptions. The court accepted that it could not assert worldwide jurisdiction over the web. However, on the basis that it was enforcing a 15 year old injunction prohibiting the sale and distribution of the Italian magazine now carried on their website, albeit an unseen development at the time of the injunction, it did have the authority to prevent access to those sites in the US.⁹⁵ This case is distinguishable because jurisdiction was already clearly established mainly on the basis of trademark infringement.⁹⁶ Nonetheless, it indicates a willingness by the courts to adapt the current legal regime to technological developments and to make further demands on those developments for the purposes of enforcement.

Infringement on the internet and choice of law rules

A preliminary question is whether the infringement of an intellectual property right is properly characterised as a tort at all or is instead a breach of a statutory right.⁹⁷ Notably, if not a tort, then the *Mocambique* rule would not apply thus removing the jurisdictional bar to an action in Australia (excepting NSW where, as noted, there is no such restraint). But even where courts have accepted jurisdiction, choice of law rules with respect to infringement have not evolved beyond simple application of the *lex loci delicti*. In the United States, this is so despite the fact that interest analysis in torts has moved well beyond straight application of *lex loci* rules.⁹⁸ Does characterising infringement actions as torts take us [41] towards a resolution of the problems of copyright enforcement which the internet raises and if not, how else to characterise the infringement — as sui

⁹³ Ibid 4. Along with other reasons, including the actual nature of the defamatory material, no injunction was granted.

⁹⁴ 939 F Supp 1032 (SDNY 1996).

⁹⁵ Ibid 1037; 1039–40 (Schiendlin J).

⁹⁶ *Playboy Enterprises Inc v Chuckleberry Publishing Inc* 687 F 2d 563 (2d Circ 1982).

⁹⁷ Ulmer, n 48, 8, for example, simply states that infringement is generally characterised as tortious. See also Austin, above n 63, 330–1.

⁹⁸ Reindl, above n 47, 804.

generis with special choice of law rules?⁹⁹

As noted in the discussion of jurisdiction, infringement cannot occur if no right exists.¹⁰⁰ Intellectual property statutes create intellectual property rights. Those statutes, both in terms of the rights created under them and their enforcement, are territorially limited. Therefore the infringement in Australia of an Australian copyright is subject to the *Copyright Act 1968* (Cth) but that Act has no bearing upon an infringement in another country. In accordance with this territoriality principle, in *Def Lepp Music v Stuart-Brown*,¹⁰¹ a UK copyright allegedly infringed in Luxembourg and Holland, was not actionable under UK copyright law nor was there any possibility of finding a remedy in tort law as ‘[n]o common law rule of international law can confer on a litigant a right under English law that he would otherwise not possess’.¹⁰²

If, as in Australia, tort choice of law is adopted in such cases rather than first looking to the property aspect of the right itself, actionability for infringement would be required under both the *lex loci delecti* and the *lex fori*.¹⁰³ The territorial nature of intellectual property means that this criteria could never be satisfied.¹⁰⁴ And significantly, whilst the High Court in *John Pfeiffer Pty Limited v Rogerson*¹⁰⁵ recently dispensed with the double actionability rule for intrastate torts, the majority emphasised the federal nature of the case: ‘We put issues that might arise in an international context entirely to one side.’¹⁰⁶

The purpose of international copyright conventions, therefore, is to address the problem that intellectual property rights move easily across borders but, as statutory rights,

⁹⁹ Fawcett and Torremans, above n 55, 615–16.

¹⁰⁰ *Ibid* 10.

¹⁰¹ [1986] RPC 273.

¹⁰² *Ibid* 276 (Browne-Wilkinson VC).

¹⁰³ According to Fawcett and Torremans, this common law tort choice of law rule based on the first limb of the rule in *Phillips v Eyre* (1870) LR 6 QB 1 was considered a choice of law rule in England but is a jurisdictional rule in Australia: *McKain v R W Miller & Co (SA) Pty Ltd* (1991) 174 CLR 1; *Stevens v Head* (1993) 176 CLR 433; above n 55, 30 (though there is debate in Australia as to whether it is both a choice of law rule and a jurisdictional rule). In the UK, the *Private International Law (Miscellaneous Provisions) Act 1995* (UK) appears to abolish the *lex fori* requirement of the *Phillips v Eyre* (1870) LR 6 QB 1 double actionability rule. New Zealand law will most likely embrace the flexibility introduced by the Privy Council decision in *Red Sea Insurance v Bouygues SA* [1995] 1 AC 190 and the Canadian Supreme court has indicated that the *lex fori* rule is generally not applicable, but Australia retains the requirement: see Austin, above n 63, 323–4.

¹⁰⁴ See *Norbert Steinhardt & Son Ltd v Meth* (1961) 105 CLR 440.

¹⁰⁵ [2000] HCA 36 (21 June 2000).

¹⁰⁶ *Ibid* [3] per Gleeson CJ, Gaudron, McHugh, Gummow and Hayne JJ.

carry no remedy when they do. The Berne Convention does so by providing protection where a right is properly established so that in choice of law matters this at least has made for the beginnings of a consistent approach to determining initial questions of authorship, ownership, creation, exploitation and validity. That right must be established in each individual country. For example there can be no infringement of a US film copied in Australia unless there is an Australian copyright for that US film. Under the Berne Convention, that valid right is determined by the law of origin according to one of a number of connecting factors, that is, nationality (Art 3), first publication (Art 3), and for authors of cinematographic works, headquarters or habitual residence (Art 4).

There is general consensus that authorship is best determined by the law of origin. Similarly, first ownership, although not the subject of the Berne Convention¹⁰⁷ should be governed by origin unless displaced by forum statute or contract such as may be the case for works created by [42] employees.¹⁰⁸ This would allow for consistency across geographical boundaries on what are fundamental issues.¹⁰⁹ This includes moral rights as the beneficiary is the author as identified by the law of origin with the substance of that benefit determined by the law of the protecting country, the *lex protectionis*¹¹⁰ as referred to in the Berne Convention. How the *lex protectionis* is determined therefore becomes the crucial issue in an infringement action with respect to moral rights.¹¹¹ It is also the crucial issue in relation to the copyright infringement itself.

National treatment principle

The 'national treatment principle' in Art 5(1) of the Berne Convention requires that at minimum, a foreign author receive the same treatment as a national author, though not a higher level of protection. In addition to this principle, a base level of protection is also mandatory regardless of the foreign author's rights under the law of origin. Conversely,

¹⁰⁷ J C Ginsburg, 'Ownership of Electronic Rights and the Private International Law of Copyright' (1998) 22 *Columbia-VLA Journal of Law and the Arts* 165, 167–8.

¹⁰⁸ Fawcett and Torremans, above n 55, 511–12; Ginsburg, above n 107.

¹⁰⁹ Fawcett and Torremans, above n 55, 509–10; Ginsburg, above, n 107, 169.

¹¹⁰ Ulmer, above n 48, 39; Fawcett and Torremans, above n 55, 502–4; J C Ginsburg, 'Conflicts of Copyright Ownership Between Authors and Owners of Original Art Works: An Essay on Comparative and International Private Law' (1993) 17 *Columbia-VLA Journal of Law and the Arts* 387, 405.

¹¹¹ See *ITAR TASS Russian News Agency et al v Russian Kurier* 42 USPQ 2 d 1810 (SDNY 1997); 153 F 3d 82 (2d Cir 1998) for an example of a case which illustrates the many dimensions of copyright actions.

an author or copyright owner cannot acquire rights in a foreign country that do not exist under the law of that foreign country even though such rights exist under the law of origin.

But whilst it may be clear that under the Convention each Member State is to treat authors of each other Member State as it treats its own,¹¹² it is less clear whether the national treatment principle is simply a unilateral rule, a means of ensuring the application of domestic law to a local infringement, or a private international rule used to enforce foreign rights.¹¹³ Various described as ‘ambiguous’,¹¹⁴ and ‘notoriously elusive’,¹¹⁵ this confusion stems from Art 5(2), specifically that ‘the extent of protection, as well as the means of redress ... shall be governed exclusively by the laws of the country where protection is claimed.’

As a unilateral rule, the principle means only a direct application of the *lex fori* to a local infringement, thus providing no choice of law rule at all.¹¹⁶ Arguably this is so because the Convention is concerned with the exploitation or use of copyright work and not enforcement¹¹⁷ and even then its ambit is limited as the Convention does not attempt to govern assignment of rights or the grant of licences which are more properly characterised as contractual.¹¹⁸ Whilst the *lex loci delecti* should govern tortious infringements, this is merely application of the traditional tort choice of law rule and not one derived from the national treatment principle.¹¹⁹

As a potential rule of private international law, the principle provides for application of the *lex protectionis* or the rule of the law where protection is claimed; but does it — contrary to the unilateral view and because it speaks to remedies rather than the nature of the right — provide a definitive [43] rule reference to the *lex loci delecti* with respect to tortious infringements (as a court ‘need only determine where the infringement

¹¹² S Ricketson, *The Law of Intellectual Property: Copyright, Design and Confidential Information* (LBC Looseleaf service) para [16.40].

¹¹³ F W Grosheide, ‘Experiences in the Field of Intellectual Property’ in Boele-Woelki and Kessedjian, above n 9, 38.

¹¹⁴ Ulmer, above n 48, 11.

¹¹⁵ Austin, above n 15, 24.

¹¹⁶ Grosheide, above n 113, 38; Fawcett and Torremans, above n 55, 461–2, 472; Ulmer, above n 48, 9–10.

¹¹⁷ Fawcett and Torremans, above n 55, 467–8.

¹¹⁸ Ulmer, above n 48, 2–3.

¹¹⁹ Fawcett and Torremans, above n 55, Ch 12.

occurred to perform the choice of law analysis')?¹²⁰

It can be said with surety that the principle infers a territorial approach. In order to gain protection, each work is effectively nationalised.¹²¹ This in turn implies that the law to be applied is the place where infringement occurred.¹²² There is no suggestion that the law of origin might have extra-territorial effect. If so this would invite the obvious questions as to why an author could receive no higher level of protection than a national author and why the need to stipulate a mandatory minimum level of protection.¹²³

Despite this, the principle is being increasingly relied upon as a potential beginning point to providing an effective rule that could be applied in multinational infringement actions. The need has arisen from the complexity of internet infringements and the difficulty of localising the infringement for the purpose of applying the *lex loci delecti* rule. The *lex loci delecti* might be adopted as the rule but where does infringement occur: at the place of uploading or downloading and is there such a location in cyberspace? If at the place of downloading, the further complication lies in applying many national laws to each infringement in each jurisdiction respectively.

Suggested approaches to infringement take the national treatment principle as a reference to the *lex fori* because usually the action is brought in the forum where the infringement occurred¹²⁴ or as a reference to the law of remedy. It is around this point that unilateralists begin to diverge from multilateralists as forum law takes precedence over the place of infringement as the relevant connecting factor. The following options, which are not taken as the final word of their authors but as examples which together cover the spectrum of possible solutions, give an insight into the practical advantages and disadvantages as well as the theoretical difficulties associated with attempts to reinterpret the national treatment principle and move beyond the rules.

¹²⁰ Dieck, above n 83, 148. See also P Schonning, 'Internet and the Applicable Copyright Law: A Scandinavian Perspective' [1999] 21 *European Intellectual Property Review* 45, 47.

¹²¹ Ricketson, above n 112, para [16.50].

¹²² C A Bradley, 'Territorial Intellectual Property Rights in an Age of Globalism' (1997) 37 *Virginia Journal of International Law* 505, 547.

¹²³ *Ibid* 547–50.

¹²⁴ Ulmer, above n 48, 10.

Options in Multinational Infringement

Choice of Law Rule — Lex loci delicti — the place of downloading (the law of receiving country) or of uploading (the law of the source country)

The law of the country of downloading or of receipt is favoured because applying the law of the country from where the infringement originates, the source country, could lead to safe havens for copyright avoidance in countries with no copyright laws.¹²⁵ Moreover, the country of receipt is where the damage occurs and may be easier to identify than trying to locate the place of the wrongful conduct.¹²⁶ While it is argued that some, if not all, internet activity is linked to a physical location, in the form of people, computers or organisations¹²⁷ especially services controlled by multinational corporations,¹²⁸ wireless technologies pose clear problems of locating origin.¹²⁹ Such technologies work [44] by packets of data passing through several jurisdictions before being reassembled at the place of receipt.¹³⁰ Even internet addresses in the form of domain names and emails may not link a user to a location.¹³¹ Such anonymity and transience encourage piracy as they avoid liability through lack of origin.¹³² Despite difficulties in enforcement and for ISP's, of compliance with laws of all recipient countries, only the destination can definitively provide a connecting factor. The internet's interactive nature and the very active role of a recipient¹³³ suggest that it is the most logical solution.

Logic, however, contends with simplicity. Identifying the source country means only one act need be localised.¹³⁴ Where the communication to the public first originates is determinable perhaps by the location of the uploading or alternatively, of the computer on which material was uploaded or of the company which authorised the act of uploading.¹³⁵ In practical terms, the chances of establishing jurisdiction over the

¹²⁵ Schonning, above n 120, 48.

¹²⁶ Ibid 49.

¹²⁷ Reindl, above n 47, 815.

¹²⁸ H H Perritt, 'Jurisdiction and the Internet: Basic Anglo/American Perspectives' from *Internet Law & Policy Forum Montreal*, July 1999 <<http://www.kentlaw.edu/perritt/montreal.rev.htm>> [7].

¹²⁹ Ibid [5].

¹³⁰ Jones, above n 2, 81.

¹³¹ Ibid 83.

¹³² Ibid 83–7 with reference to music on the internet.

¹³³ Schonning, above n 120.

¹³⁴ Fawcett and Torremans, above n 55, 160.

¹³⁵ Reindl, above n 47, 832.

defendant are much higher.¹³⁶ Not only is this where incriminating evidence is likely to be located but it presents real possibilities for injunction and enforcement.¹³⁷ Analogy is also made with satellite broadcasting where infringement occurs at the point of origin.¹³⁸

If we take as an example, material copyright in Australia communicated on the internet from Australia and downloaded in several countries, actionability for infringement is only possible if the right and the place of the infringement — that is the uploading or the downloading — correspond. If the place of uploading is the place of the infringement, Australian law applies. If Brazil and not Australia is the source country, a remedy would depend upon whether Brazilian law recognised the Australian copyright under its national law. At the points of downloading, if considered the place of infringement, actions are possible only under the local laws of each country in accordance with the national treatment principle as traditionally understood. Either of these options therefore leaves open a multitude of possibilities for ongoing 'infringement' that is not actionable.

Thus, the further option posited by Reindl, of combining the two in an attempt to retain territorial connections. Apply the law of the source country initially but if here protection is low and economic interests are significantly affected in the place of the injury, that is, the receiving country or countries, then this would justify the application of the laws of those countries to the infringement(s). The latter receiving country option is contingent either upon the user having commercial motives or if non-commercial, that the effects upon the copyright owners economic interests are significant.¹³⁹ A defendant would, however, have recourse to a foreseeability defence.¹⁴⁰ This considerably decreases possibilities for unactionable infringements. Australian law applies to the infringement in Australia and if this affords little protection, the laws of the receiving countries apply if there is a significant economic infringement in those

¹³⁶ Fawcett and Torremans, above n 55, 160.

¹³⁷ Reindl, above n 47, 831.

¹³⁸ Fawcett and Torremans, above n 55, 158, 160: with reference to the European Union's Satellite Broadcasting Directive, though there are numerous objectors such as J C Ginsburg, 'Putting Cars on the Information Superhighway: Authors, Exploiters and Copyright in Cyberspace' (1995) 95 *Columbia Law Review* 1466, 1498: its appropriateness in the EU is based on the substantially similar levels of protection in EU countries.

¹³⁹ Reindl, above n 47, 836–43.

¹⁴⁰ *Ibid* 846.

respective countries.

[45] *Law of the place of the infringement and/or of the forum*

This option, as proposed by Professor Ginsburg in a 1997 paper, accepts that infringement occurs at the source. However, infringement is given an expanded meaning so as to encompass not only initial acts of copying which occur within the forum and result in infringements in other jurisdictions¹⁴¹ but also authorisation.¹⁴² Indeed, authorisation forms the basis of this nerve centre approach providing an alternatively easier means of localisation within the forum. Where the defendant accused of authorising an infringement is a US entity, a US court could apply US law on the basis that US interests were at stake.¹⁴³ Ginsburg then goes one step further: US law could be applied not only to infringements in the US but to all infringements in a multinational claim.¹⁴⁴ Thus, in our example, if the initial place of uploading could not be located but authorisation occurred in the US, US law could apply to all infringements anywhere even to the infringement within Australia and to all places where downloaded. Certainly, this model is conducive to enforcement. It should be noted, however, that it may not always provide a remedy if neither the law of the place of infringement or the forum offers protection or a suitable level of protection effecting a remedy.¹⁴⁵ To this extent, it is apparently premised on the application of US law.

Does it accord with the national treatment principle? As Ginsburg states, not if the territorial basis for infringements retains a ‘materialistic’¹⁴⁶ and ‘unduly formalistic’¹⁴⁷ focus on the place where the physical act of copying occurs; a position inappropriate to the era of digital transmission. However ‘one could contend that the ‘country where protection is claimed’ is the forum country when that is the country from which the infringement originated, and which is best placed to accord an effective remedy.’¹⁴⁸

¹⁴¹ See *Update Art v Modiin Publishing* 843 F 2d 67 (2d Cir 1988) and discussion of, in Ginsburg, above n 138, 1496–7.

¹⁴² Ginsburg, above n 83, 595–9.

¹⁴³ Ginsburg has offered varying approaches only two of which are discussed here. See also J C Ginsburg, ‘Copyright Without Borders? Choice of Forum and Choice of Law for Copyright Infringement in Cyberspace’ (1997) 15 *Cardozo Arts and Entertainment Law Journal* 153.

¹⁴⁴ Ginsburg, above n 83, 600.

¹⁴⁵ Reindl, above n 47, 819–20.

¹⁴⁶ Ginsburg, above n 83, 597.

¹⁴⁷ *Ibid* 596.

¹⁴⁸ *Ibid* 601.

In a 1998 paper, Ginsburg developed a revised option in a three step process with all steps contingent on the law being consistent with the Berne Convention and the WCT.¹⁴⁹ She retains her emphasis on the source country as the applicable law identifying this as the place where the server is located. Where this law is inadequate, then the applicable law is the law of the place in which the operator of the website is located either by residence or principal place of business. If this law is inadequate, then the law of the forum applies 'but the parties may demonstrate that, for particular countries in which alleged infringements occurred, the domestic law is either more or less protective than the copyright or related rights law of the forum.'¹⁵⁰ In presenting this revised option, Ginsburg moves to a mid-way point between Reindl's formula (in focusing on connecting factors) and Geller's formula, detailed below, which looks for the law most likely to provide a remedy affording the best copyright protection. This revised option does, however, retain similar foundations to her first option in that it allows for the application of one law to all infringements wherever occurring and allows for the potential application of forum law albeit under stricter criteria with provision for a possible defence.

[46] *The law of remedy*

Professor Geller's solution more readily moves to a remedy focus. The purpose is to enforce the governmental interests of the forum by applying the law that guarantees the highest level of enforceable protection. This is because the internet makes it impossible to determine the focal point of the infringement;¹⁵¹ there is no presumption of 'fixed space'.¹⁵² In the digital age, 'characterisation and localisation are not independent of each other.'¹⁵³ Even satellite broadcasting which also crosses geographical boundaries is incomparable because there is still 'an active centre and a passive receiver',¹⁵⁴ whereas on the internet, creation and dissemination intermingle.¹⁵⁵

¹⁴⁹ J C Ginsburg, 'Private International Law Aspects of the Protection of Works and Objects of Related Rights Transmitted Through Digital Networks' WIPO GCPIC/2 30 November 1998.

¹⁵⁰ Ibid 47.

¹⁵¹ P E Geller, 'International Intellectual Property, Conflict of Laws and Internet Remedies' in J J C Kabel and G J H Mom (eds), *Intellectual Property and Information Law, Essays in Honour of Herman Cohen Jehovam* (1998) 29.

¹⁵² Ibid 30.

¹⁵³ Ibid.

¹⁵⁴ Geller, above n 35, 572.

¹⁵⁵ Ibid.

Governments make active decisions to localise infringements in a way that makes available pre and post-market remedies. The criterion is not the place of the infringing act but market damage. Most typically, where the forum's market is affected, forum law is applied to the inward-bound commerce and where a foreign market is affected, foreign law is applied to the outward-bound commerce.¹⁵⁶ A further recommendation is that principles of preference be developed protecting contract, privacy and competition and providing guidance to courts on the appropriate choice of law.¹⁵⁷

This approach not only overcomes the difficulty of localisation but in making it near redundant removes the problem that there might be no remedy under the law of the place where the infringement originates or the law of the place of reception. To return to our example, the Australian copyright owner could seek the application of US law where the US market is detrimentally affected. More controversially, if it is not possible to determine where 'specific remedies take effect'¹⁵⁸ or what law is most appropriate for the granting of a preliminary injunction,¹⁵⁹ a court could apply the law of any affected country on the basis that it offered the highest level of protection either economic or moral.

For an added twist, Geller argues that this is a truer application of the national treatment principle as it protects national markets:

[T]he courts govern copyright claims in Berne-protected works by choosing the law of the Berne country where copyright protection is sought ...

To localise protecting countries, we then have to ask: where might moral or economic rights, for example, in authorial reputations or in media markets, need remedies from infringing acts?¹⁶⁰

Principled alternatives?

All of the above options work toward unifying national choice of law rules but what of their compatibility with private international law and copyright?

¹⁵⁶ Geller, above n 151, 35.

¹⁵⁷ Geller, above n 35, 581–9.

¹⁵⁸ *Ibid* 597.

¹⁵⁹ *Ibid* 599.

¹⁶⁰ *Ibid* 579–80.

Reindl's two stage *lex loci delicti* approach is clearly premised on the paradigm having altered only slightly. Choice of law rules should not be abandoned but they must be made more flexible. Intellectual property rights are territorially based rights but for the digital age, territorial connections are defined in [47] a more open-ended way than traditional tort choice of law rules allow.¹⁶¹

Certainly, the model retains a degree of compatibility with Anglo-American copyright theory looking as it does to protecting economic interests. However, the stipulation that such interests be significant is a subtle but important distinction. Why should this matter at all if the infringement occurred? Moreover, could a court possibly determine economic effect either short or long term considering the transient nature of the internet? An even more fundamental flaw lies in Reindl's assumption that copyright justifying the protection of economic interests actually exists in the receiving country.¹⁶²

However, at minimum Reindl does allow for the courts to balance interests and perhaps here at least is where public and author's rights might hold greater sway over purely economic interests. In addition, his foreseeability defence takes into account reasonable expectations as traditionally understood and as defined by the territoriality principle.

In contrast, the proposals of Geller and Ginsburg raise clear questions of extra-territorial application of laws. This is despite Ginsburg's argument in relation to her first option that her approach does not amount to extra-territorial application of forum law to infringements that occur in another forum as a result of acts 'that commence or take place in part within the borders of the country whose law is applied'.¹⁶³ Apart from the interchangeability of the term 'authorisation' with 'intellectual planning',¹⁶⁴ (leading to the suspicion that it might be broadly construed so as to accord with the practical objective of applying the law offering the strongest protection which in the current economic context is US law, a point she acknowledges in her 1998 paper¹⁶⁵) how far should the net be cast and on what basis?

¹⁶¹ Reindl, above n 47, 815.

¹⁶² Ginsburg, above n 149, 45.

¹⁶³ Ginsburg, above n 83, 588.

¹⁶⁴ Ibid 597, 598–9.

¹⁶⁵ Ginsburg, above n 149, 44.

As Austin asserts, recouping extra-territorial profits may well fall within a forum's copyright statute but only if founded on legal doctrine. For example, in *Sheldon v Metro-Goldwyn Pictures Corp.*,¹⁶⁶ extra-territorial profits could be held on constructive trust for the local copyright owner because the initial illegal act of copying occurred in the US and the profit was located in the US.¹⁶⁷ Liability for authorisation, however, proves more difficult as indicated by the decision in *Subafilms Ltd v MGM-Pathe Communications Co.*¹⁶⁸ Authorisation in the US did not amount to a violation of US law because it was not intended to be 'divorced completely from the legal consequences'¹⁶⁹ of the authorising conduct. Thus, the illegal copying of copyright material was only actionable under the law of the place where the actual copying occurred.

Subafilms is distinguishable from the English Court of Appeal decision in *ABKO Music & Records Inc v Music Collection International Ltd & Ors*,¹⁷⁰ where the UK copyright statute was applied to an authorisation that occurred in Denmark which resulted in an infringement of a UK right in the UK. Hoffmann LJ held that the Act imposed no territorial limitations on authorisation¹⁷¹ as distinct from acts which to be actionable must occur within the UK.¹⁷² Nonetheless 'the requirements of territoriality are satisfied by the need for the act authorised to have been done within the United Kingdom.'¹⁷³

[48] The strongest reason against extending the ambit of national copyright statutes to authorisation alone without the accompanying act of infringement is as Austin contends, that it risks extending a statutory proprietary right beyond its borders and wrongly transforming the infringement of that right into a tort based on conduct. In the course of doing so, it impinges upon the territoriality principle to the extent of giving extra-territorial application to a foreign law both in terms of ownership and infringement.¹⁷⁴

¹⁶⁶ 106 F 2s 45 (2d Cir 1939), aff'd 309 US 390 (1940).

¹⁶⁷ See also *Update Art Inc v Modiin Publishing Ltd* 843 F 2d 67, 73 (2d Cir 1988).

¹⁶⁸ 24 F 3d 1088 (9th Cir).

¹⁶⁹ *Ibid* 1092.

¹⁷⁰ [1995] RPC 657.

¹⁷¹ *Ibid* 660 with reference to s 16(1) of the *Copyright Designs and Patents Act 1988* (UK).

¹⁷² *Copyright Designs and Patents Act 1988* (UK) s 16(2).

¹⁷³ [1995] RPC 657, 660.

¹⁷⁴ Austin, above n 15, 20–1.

It is also indicative of a 'false internationalism'.¹⁷⁵ This is apparent in Ginsburg's first option despite initial reliance on the law of the source country. In this nerve centre approach, justification was argued in distinctly hegemonic economic terms: the prevention of the 'usurpation of foreign markets'.¹⁷⁶ Apart from the extra-territorial issues already raised, this too is inconsistent with copyright theory. As has been noted and as is indicated by the Berne Convention's acceptance of national differences, copyright is intended to protect national markets.

Ginsburg's 1998 paper addresses some of these concerns though it does not completely remove all. Firstly, it abandons the nerve centre approach because of possible manipulations and the uncertainty it suggests. Secondly, in all three steps the applicable law must be consistent with the Berne Convention [and WCT] norms so that in this second model there is a clear statement that the right must exist in order for protection to be afforded. Thirdly, there is a greater emphasis, in presenting a range of possible connecting factors — that is, server location, web site defendant's principal place of residence or business — on relating the remedy to the right. Fourthly, there is provision, at least in the third step, for a defendant to argue that domestic law at a place of infringement and not forum law should be applied to that particular infringement thus taking into account discrepancies in national laws. However, there are significant similarities with the first option. The applicable law (with the possible exception applying in the third step) applies 'to the entirety of the defendant's alleged internet infringement'¹⁷⁷ and in this it retains the element of extra-territoriality that was fundamental to her previous option. Also, final recourse may be had to the law of the forum. So once again, if taking action in the US, although no infringement has occurred in the US, US law could be applied to an infringement elsewhere.

Geller's best protection rule at once seeks to protect copyright owners as it also looks to control the marketplace. At first glance, it appears consistent not only with Anglo-American theory's focus on economic regulation but also, in stressing the provision of the highest level of moral rights protection, continental Europe's theory of

¹⁷⁵ A A Ehrenzweig, 'The Lex Fori — Basic Rule in the Conflict of Laws' (1960) 58(5) *Michigan Law Review* 637, 642. (Ehrenzweig's approach was to always preference forum law but without recourse to such evasions.)

¹⁷⁶ Ginsburg, above n 83, 598.

¹⁷⁷ Ginsburg, above n 149, 47.

copyright as a personality right. However, this option turns copyright on its head. It solely emphasises market share at the point of market reception without any corresponding need to establish the existence of a right in each territory that will be affected by the law of remedy. More properly, copyright is a means of regulating and restricting competition where the right already exists.¹⁷⁸ The justification for copyright is further distorted in the assertion that the prevention of piracy is the purpose of effective copyright protection and is in the public interest.¹⁷⁹ This assumes that this is what the public wants in the internet age and what copyright is about — a criticism that could also be levelled at Ginsburg's first option. When domestic laws offer varying versions of the public/owner balance such as fair use and the WIPO treaties allow countries to make exceptions to exclusive rights thus allowing for continued differences in national copyright laws, this assumption is open to doubt.¹⁸⁰ Even Geller's suggestion that principles of preference be adopted — including the basic proposition that all [49] communications are private, freedom of contract is paramount and competition is rightly limited by public laws¹⁸¹ — must inevitably come into conflict with how different states will provide for these. What value is placed on research, fair use, parody and so on will affect the possibility of a remedy, so that Geller's model, whilst claiming an internationalist agenda will be subject to national priorities at every turn. Though he acknowledges that such claims will fall to be decided on a case-by-case basis,¹⁸² these national priorities are nonetheless in essence what define copyright; they are the reason for its existence.

As for the granting of preliminary injunctions on the basis of principles of preferences and by utilising whichever law provides the highest protection so as to ensure immediate intervention,¹⁸³ the practicalities loom large. An injunction could only be effective if brought at the place where the defendant is located.¹⁸⁴ Even if reciprocal enforcement agreements are in place, if the national intellectual property laws differ, for example as regards ISP liability, it is doubtful that foreign courts would actively enforce or recognise such an injunction. An additional enforcement-related concern is

¹⁷⁸ Fawcett and Torremans, above n 55, 494–5.

¹⁷⁹ Geller, above n 35, 600.

¹⁸⁰ Reindl, above n 47, 816–17.

¹⁸¹ Geller, above n 35, 581–9.

¹⁸² *Ibid* 594.

¹⁸³ *Ibid* 599.

¹⁸⁴ Schonning, above n 120, 50; Reindl, above n 47, 818.

that despite his defence of privacy and his assertion that the monitoring of internet communications for policing purposes could be controlled,¹⁸⁵ the strong focus on an economically defined liability suggests the stronger economic nations would override privacy in order to locate the sender or user.

The model also assumes an international public in the same way that it presupposes an international copyright¹⁸⁶ despite, such as in its reliance on national remedies, acknowledging the national basis of copyright. If the reason for moving away from territorially bound choice of law rules is because the market is now global, is Geller's remedy-based national market model in keeping with this change? Would a supranational law solution be both more effective and more principled?¹⁸⁷ Indeed, Geller has argued elsewhere that there is no evidence that the market incentive model sparks creativity and encourages investment, nor can the authorship model provide a definitive and workable definition of what constitutes personal self-expression.¹⁸⁸ The real test is to find an overriding norm that adequately covers the full range of copyright cases.¹⁸⁹ This lack of evidence of the worth of both models might suggest that any copyright regime is not the most effective means of protection.

In general the proposals put by Ginsburg and Geller undermine the basis of copyright. The property aspect is reduced in importance as a connecting factor whilst national economic policies under the guise of an internationalist agenda are given priority. The inherent contradiction is that national boundaries are at once ignored and propounded as the basis of the right.

The theoretically correct approach according to multilateralists is to look to the very basis of the right itself. To do so is to ask the question: did the lawmakers clearly intend for the copyright statute to apply extra-territorially?¹⁹⁰ The response of multilateralists is a definitive no. Copyright is fundamentally attached to its place of creation as evidenced by national statutes and the provisions of the Berne Convention. To demean

¹⁸⁵ Geller, above n 35, 582–4.

¹⁸⁶ *Ibid* 602.

¹⁸⁷ Jones, above n 2, 91.

¹⁸⁸ P E Geller, 'Must Copyright Be For Ever Caught Between Marketplace and Authorship Norms?' in Sherman and Strowel, above n 17, 175–9.

¹⁸⁹ *Ibid* 159–61.

¹⁹⁰ Fawcett and Torremans, above n 55, 601, 604; Austin, above n 15, 14.

the territoriality principle by determining liability according to another country's laws, risks detaching the breach from the very nature of the proprietary right.¹⁹¹ In turn, [50] this could 'lead to the inappropriate situation of one nation's courts dictating the rights and scope of property rights that arise by virtue of another sovereign's laws'.¹⁹² Whilst an act of authorisation for an initial infringement occurring within a forum that leads to infringements in other jurisdictions may come within the ambit of a forum's copyright statute, an out of forum infringement should not.¹⁹³ To find otherwise would translate copyright ownership in one country into a potential right of exploitation in all countries.¹⁹⁴ This would occur on the basis of a misconception of copyright theory; instead of a state-created right, its scope becomes what an owner thinks should be their economic entitlement anywhere.¹⁹⁵

As distinct from a multilateralists critique of interest analysis, these approaches are also open to further criticism from the very theories they rely on in that those theories still retained a geographical *loci*. For example, in Currie's formulation of interest analysis, where forum law and policy had no legitimate connection, foreign law could be applied where the territorial considerations were substantial¹⁹⁶ — so that even an interest analysis approach must eventually arrive at the conclusion that copyright should be governed by the law of which it is a creation and by which it can be exploited. If applying the multilateralist's rule-based approach, it is equally unlikely that a court would misuse the public policy exception to preference forum law so as to deny the statutory nature of a foreign intellectual property right.

Thus, whether adopting an interest analysis or rule-based approach, on a correct application of either and as consistent with the Berne Convention and national statutes, the result must be to apply the law where the right exists and the infringement occurs. This is not to completely reject the alternatives. The flexible rules proposed by Reindl may form part of an effective mid-way solution as they require some comparison of substantive laws and reasonable expectations. The risk is that they invite ad hoc

¹⁹¹ Austin, above n 15, 17, 20.

¹⁹² *Ibid* 4, 27.

¹⁹³ *Ibid* 18.

¹⁹⁴ *Ibid* 21.

¹⁹⁵ *Ibid*.

¹⁹⁶ B Currie, 'Notes on Methods in the Conflict of Laws' in B Currie, *Selected Essays on the Conflict of Laws* (1963).

analysis of economic effects so as to provide no workable rule at all.¹⁹⁷ Ginsburg's second option, the three step process, likewise looks to flexibility as the key to a solution. To a certain extent, it too is consistent with reasonable expectations in that the Berne Convention is fundamental to the application of any law, and should forum law be applied, the domestic law of the place of the infringement may still prevail to the extent of any inconsistency. But like her first option, it is contingent upon extra-territorial application of national laws.

It is apparent that, both models seemingly draw upon Twerski's version of 'enlightened territorialism' in their acceptance of the link between 'time and space' and reasonable expectations though each broadens these concepts to meet the demands of the digital age and to make for a degree of uniformity in copyright protection. In seeking a solution, however, do they go beyond the very nature of copyright itself? Certainly multilateralists claim no answer or even greater uniformity but they do offer rules of certainty¹⁹⁸ that are compatible with public international law objectives and in maintaining the presumption against extra-territoriality, conducive to international harmony.

The present state of affairs

No matter the difficulties involved in ensuring copyright protection, the internet will not be a law free domain. There is, however, no clear understanding of the dimensions or scale of the changed social paradigm. At minimum, copyright will have to mould itself to new forms. Moral rights will be high on the agenda as a stronger means of control and even of generating economic returns. Liability must remain in tune with reasonable expectations and until the fundamentals of copyright are altered, [51] this will require continuing recognition of the territorial principle. This should not prevent the acceptance of jurisdiction over multinational infringements where connecting factors can be established nor the development of new means of enforcement. Harmonisation of substantive laws will be gradual — but whatever the results of that process, individuals do operate within national boundaries, and the rights being dealt with are statute created and defined. Therefore, regardless of the difficulties involved for law enforcement, people are entitled only to the benefits and demands that this

¹⁹⁷ See *David Syme & Co Ltd v Grey* (1992) 38 FCR 303, 314 (Gummow J).

¹⁹⁸ F K Jeunger, *Choice of Law and Multistate Justice* (1993) 131.

implies.

In this changing legal paradigm, the demands for easier access and productivity will have to be balanced so as to ensure copyright protection within those national boundaries. But to create private international rules that are not contemporaneous with the right in order to find a remedy is to put method before substance. If copyright is justified on the basis of regulating national markets and recognising moral rights within territorial limits, whatever the merits of these justifications, that must be an issue for national legislators at the national level. If copyright is found to be wanting in this changed 'time and space', in that it is unsuitable to the efficient dissemination of information and to creation, then perhaps the real question concerns its appropriateness rather than the rules of private international law. Exceptions to the rules may well be warranted for the 'bizarre' but as the internet fast becomes the norm for communication, it is becoming increasingly difficult to conceive of it as out of the ordinary.